

Message Text

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PAGE 01 GENOA 00015 070753Z
ACTION EUR-12

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TAGS: BDIS, ELAB, IT
SUBJECT: TORRINGTON CASE IS COMING TO A HEAD

REF: STATE 304179; GENOA 0493 AND PREVIOUS

SUMMARY: THE LONGSTANDING IMPASSE AMONG TORRINGTON, THE OCCUPIERS OF ITS GENOA FACILITY AND GEPI, THE ITALIAN STATE SALVAGE AGENCY FOR FINANCIALLY AILING INDUSTRIES, SHOWS SIGNS OF COMING TO AN END. IN DECEMBER, TORRINGTON WON AN IMPORTANT COURT TEST THAT AFFIRMED THE COMPANY'S PROPERTY RIGHTS TO ITS GENOA FACILITY AND ORDERED THE OCCUPANTS TO VACATE BY AN UNSPECIFIED DEADLINE. THE COURT VICTORY PROVOKED LOCAL OFFICIALS TO RENEW DEMANDS FOR GEPI TO FIND EMPLOYMENT FOR THE 360 EX-TORRINGTON EMPLOYEES WHOSE OCCUPATION OF THE PLANT DATES BACK TO JUNE 25, 1975. IN A SURPRISE PRE-CHRISTMAS DEVELOPMENT GEPI MET WITH LOCAL PUBLIC AND UNION OFFICIALS TO UNVEIL ITS PLAN FOR GETTING THE EX-TORRINGTON EMPLOYEES BACK TO WORK. GEPI HAS INVITED TORRINGTON TOP MANAGEMENT OFFICIALS TO A MEETING ON JANUARY 12 TO DISCUSS ACQUISITION OF COMPANY'S PLANT.
END SUMMARY.

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1. TORRINGTON SCORED A SIGNIFICANT VICTORY ON DECEMBER 14 WHEN GENOA'S CIVIL COURT UPHELD THE US COMPANY'S PROPERTY RIGHTS AND ORDERED THE "OCCUPIERS" OF ITS GENOA FACILITY TO VACATE WITHOUT SPECIFYING A DEADLINE FOR COMPLIANCE. THE COURT ALSO ENDORSED TORRINGTON CLAIM FOR DAMAGES INCURRED FROM THE OCCUPATION PENDING A REVIEW OF THE COMPANY'S

BOOKS.

2. IN A SECOND COURT CASE, TORRINGTON HAS LEARNED UNOFFICIALLY THAT THE COUNCIL OF STATE (CONSIGLIO DI STATO) HAS UPHELD THE RULING BY THE LIGURIAN REGIONAL ADMINISTRATIVE TRIBUNAL (TAR) THAT THE NOVEMBER 1975 REQUISITION ORDER ISSUED BY GENOA'S MAYOR CEROFOLINI WAS ILLEGAL. THIS DECISION AWAITS FINAL OFFICIAL PUBLICATION TO BECOME OPERATIVE.

3. TORRINGTON'S VICTORY IN THE CIVIL PROCEEDINGS SPARKED ANOTHER ROUND OF POLEMICS FROM LOCAL AUTHORITIES. BOTH REGIONAL PRESIDENT CAROSSINO, A COMMUNIST, AND GENOA'S MAYOR CEROFOLINI, A SOCIALIST, CRITICIZED THE COURT'S DECISION AND REAFFIRMED THEIR SUPPORT FOR THE "OCCUPIERS" CAUSE. CAROSSINO PRAISED THE STEADFASTNESS OF THE OCCUPIERS IN NOT RELINQUISHING THE PLANT AS "A PROPER SYMBOL OF RESISTANCE AGAINST THE ARROGANCE OF A MULTINATIONAL CORPORATION AND ITS NEOCOLONIALISM THINKING". BOTH OFFICIALS, HOWEVER, DIRECTED THEIR STRONGEST CRITICISM TOWARDS CEPI FOR ITS TARDINESS IN RESOLVING THE TORRINGTON PROBLEM.

4. AT A DECEMBER 23 CONFERENCE IN ROME, GEPI UNVEILED ITS PROGRAM FOR RESTRUCTURING THE TORRINGTON PLANT. GEPI'S PLANS CALL FOR PURCHASE OF THE TORRINGTON FACILITY, EXCLUSIVE OF KEY NEEDLE PRODUCTION MACHINERY, AND THE FORMATION OF A JOINT VENTURE WITH LEBOSSEY, THE FRENCH NEEDLE FIRM, FOR THE LIMITED OFFICIAL USE

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RESUMPTION OF PRODUCTION AT THE TORRINGTON'S PROPERTY. GEPI HAS INVITED TORRINGTON'S TOP MANAGEMENT TO A JANUARY 12 MEETING TO DISCUSS A SALES ARRANGEMENT. TORRINGTON SOURCES IN GENOA EXPRESS OPTIMISM THAT A SETTLEMENT CAN BE REACHED. REPORTEDLY, TERMS OF ANY CEPI-TORRINGTON AGREEMENT AS WELL AS GEPI'S JOINT VENTURE ARRANGEMENTS WITH LEBOSSEY WOULD BE SUBMITTED FOR APPROVAL TO THE METALWORKERS UNIONS.

COMMENT: THE "OCCUPIERS" HAVE SERVED NOTICE THAT THEY WILL LEAVE THE FACTORY ONLY IF THE GOVERNMENT GUARANTEES THEIR EMPLOYMENT. SINCE IT WILL TAKE NEARLY A YEAR FOR THE NEW GEPI-LEBOSSEY COMPLEX TO BE ESTABLISHED AND EQUIPPED WITH NEW MACHINERY, THE OCCUPIERS MAY NOT BE WILLING EASILY TO GIVE UP THE STRONG BARGAINING CHIP THEY NOW HOLD BY VIRTUE OF THEIR OCCUPATION OF THE PLANT. MOREOVER, THERE IS LITTLE OR NO CHANCE THAT THE LOCAL AUTHORITIES WILL INITIATE THE FORCIBLE EVICTION OF THE OCCUPIERS. THIS BEING THE CASE, USG GOOD OFFICES MIGHT HAVE A BETTER CHANCE OF BRINGING MATTER TO SATISFACTORY AND PROMPT SOLUTION IF USED WITH GEPI IN ROME RATHER THAN HERE IN GENOA. DISCIULLO

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